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SGX announces the establishment of Catalist to replace SGX SESDAQ

On 26 November 2007, the Singapore Exchange Limited (the “**SGX**”) announced the establishment of Catalist, a sponsor-supervised listing platform which is to replace the SGX-ST Dealing and Automated Quotation System (the “**SGX SESDAQ**”). The SGX SESDAQ is the SGX’s current second board. Companies that do not meet the quantitative listing criteria for the Main Board of the SGX but have good prospects for growth and profitability may be listed on the SGX SESDAQ.

With effect from 17 December 2007, the SGX SESDAQ will be renamed Catalist. The new listing rules for Catalist were issued on 26 November 2007 and will take effect on 17 December 2007.

Listing on Catalist

An applicant for listing on Catalist need not meet any minimum operating track record, profit or share capital requirement. The applicant is expected to issue an “Offer Document”, instead of a prospectus, and lodge it with the SGX. The IPO application process will be shortened under the new regime.

Key features of Catalist

Catalist will be supervised by a pool of intermediaries (the “**Sponsors**”).

The Sponsors will determine the suitability of a company to list on Catalist without the SGX reviewing the admission of the company. A Sponsor is responsible for performing the appropriate due diligence on an applicant for listing on Catalist and declaring to the SGX whether or not the applicant is suitable for listing. After the listing, it will be the Sponsor’s duty to advise and guide the listed company on compliance with its on-going obligations in the listing rules (e.g. rules relating to investor protection and corporate governance).

Each company listed on Catalist is required to retain a Sponsor. The SGX may delist a company that is listed on Catalist, if it does not have a Sponsor for more than three continuous months.

Sponsors

As Sponsors play a critical role in the new regime for listing on Catalist, they will be subject to strict admission and on-going requirements. The first group of Sponsors is expected to be announced by the SGX by January 2008, which coincides with when Catalist will be open for initial public offerings (“**IPOs**”) under the new regime. An advisory panel of market practitioners will be appointed to advise the SGX on the admission of Sponsors and their registered professionals, where necessary.

A Sponsor may be authorised by the SGX to act as a Full Sponsor or a Continuing Sponsor.

A Full Sponsor will engage in activities relating to bringing an applicant to list on Catalist or advising a listed company in a very substantial acquisition or reverse takeover (“**Introducing Activities**”) as well as advising a listed company on compliance with its continuing listing

obligations (“**Continuing Activities**”). On the other hand, a Continuing Sponsor will only be authorised to engage in Continuing Activities. The eligibility criteria for a Full Sponsor are more demanding than that of a Continuing Sponsor.

A Full Sponsor who has conducted Introducing Activities for a listed company must act as the Continuing Sponsor for the company for at least three years after admission of the company. If the Sponsor intends to end the sponsorship within three years of the company’s listing, it must obtain the SGX’s approval.

Transition period

Existing SGX SESDAQ companies will continue to be governed by the existing rules. They will have at least two years from the announcement of the first batch of Sponsors to appoint a Sponsor and comply with the new rules. To assist in the transition of SGX SESDAQ companies to Catalyst, the SGX plans to waive their listing fees for three years from the time they engage a Sponsor and enter the new regime.

Useful references

For a more detailed description of the key features of Catalyst, please [click here](#) for the SGX press release dated 26 November 2007 which is posted on the SGX website www.sgx.com

Please refer to **Appendix 1** of the SGX press release for a summary of the differences between Catalyst and the SGX SESDAQ.

Please refer to **Appendix 2** of the SGX press release for the listing fees of Catalyst.

Please refer to **Appendix 2** of the SGX press release for the names of the members of the advisory panel who will be advising the SGX on the admission of Sponsors and their registered professionals.

Please [click here](#) for the full set of the Catalyst rules which is posted on the SGX website www.sgx.com

The SGX released a public consultation in May 2007 to seek comments on the proposed supervisory framework of Catalyst and its new listing rules. Please [click here](#) to read an article entitled “Two SGX consultation papers with proposals to maintain quality of issuers in Mainboard and revamp supervisory framework of SESDAQ” featured in the May 2007 issue of the Allen & Gledhill Legal Bulletin which provides a summary of the issues covered by the earlier consultation paper.

Should you have any queries as to how this may affect your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill LLP or any of the following:

Bin Wern Sern
Tel: +65 6890 7624
E-mail: bin.wernsern@allenandgledhill.com

Shawn Chen
Tel: +65 6890 7896
E-mail: shawn.chen@allenandgledhill.com

Sharon Wee
Tel: +65 6890 7089
E-mail: sharon.wee@allenandgledhill.com

Yours faithfully
Allen & Gledhill LLP
Singapore

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Tel: +65 6890 7188
Fax: +65 6327 3800
E-mail: publications@allenandgledhill.com
Website: www.allenandgledhill.com

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